



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, Room 18T71
ATLANTA, GEORGIA 30303



MEMORANDUM

TO: Jack Higgins, Acting Inspector General
Steve McNamara, Acting Deputy Inspector General
Robert Seabrooks, Acting Assistant Inspector General for Audit
Diane Van Riper, Assistant Inspector General for Investigations
Hugh Monaghan, Assistant Inspector General for Operation - East
Patrick Howard, A&A Branch Chief, Student Financial Aid Programs
Howard Franklin, A&A, Student Financial Aid Programs

FROM: Carol S. Lynch
Regional Inspector General for Audit

SUBJECT: FINAL AUDIT REPORT
Review of the Federal Perkins Loan Program at Clark Atlanta University, Atlanta, Georgia
Audit Control Number: 04-80006

Attached is the above subject final audit report and related correspondence.

Attachment

Review of the Federal Perkins Loan Program
at Clark Atlanta University
Atlanta, Georgia

FINAL AUDIT REPORT



Audit Control Number 04-80006
December 1998

Our mission is to promote the efficient
and effective use of taxpayer dollars
in support of American education



U.S. Department of Education
Office of Inspector General
Atlanta, GA

NOTICE

Statements that management practices need improvement, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determination of corrective action to be taken will be made by appropriate Department of Education officials. This report may be released to members of the press and general public under the Freedom of Information Act.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, Room 18T71
ATLANTA, GEORGIA 30303



December 4, 1998

MEMORANDUM

To: Greg Woods
Chief Operating Officer
Office of Student Financial Assistance

From: *(Signed)*
Carol S. Lynch
Regional Inspector General for Audit
Atlanta Office

Subject: FINAL REPORT
*Review of the Federal Perkins Loan Program at Clark Atlanta University,
Atlanta, Georgia
Audit Control Number A04-80006*

We have reviewed the Federal Perkins Loan Program at Clark Atlanta University (CAU). The purpose of our review was to determine whether the Federal Perkins Loan Program was administered in accordance with applicable Federal laws and regulations. We focused specifically on determining whether Clark Atlanta University confirmed student eligibility prior to awarding funds and maintained and disbursed Perkins Loan funds in accordance with applicable program requirements. This letter presents our findings and recommendations.

Clark Atlanta University concurred with all of our findings and recommendations. A copy of Clark Atlanta University's response is included as the Attachment. Due to privacy concerns, we have deleted references to student names and social security numbers.

**FINDING NO. 1 IMPROVEMENTS ARE NEEDED IN THE OVERALL
MANAGEMENT OF THE PERKINS LOAN FUND BY CLARK
ATLANTA UNIVERSITY**

CAU did not have formalized policies and procedures for transferring Perkins funds from the Fund or requesting funds by Federal cash draw down. Although CAU officials were able to support the total loan awards to students on an annual basis, CAU's transfer of funds from the Perkins Loan Fund and draw down of Perkins Federal Capital Contribution (FCC) was inconsistent and did not always match the amounts credited to student accounts on a monthly basis. In addition, CAU did not always maintain the

supporting documentation for the transfers and draw downs of Perkins FCC.

The problem was further aggravated because CAU did not deposit the FCC into the Perkins Loan Fund and the Institutional Capital Contribution (ICC) was not consistently deposited into the Fund. CAU officials did not deposit the Perkins Loan Fund FCC into the Perkins Loan Fund bank account during the five award years we reviewed 1994, 1995, 1996, 1997, and 1998¹. FCC was transferred from the Federal draw down account directly to the school's general operating account. In addition, CAU officials did not consistently deposit the ICC into the Perkins Account during the same period. In one instance, part of the correct ICC amount was deposited into the account the award year after it should have been. In several instances CAU deposited more ICC than was required.

CAU officials told us that once they have a valid signed promissory note, student accounts are credited with the funds before the school transfers funds or requests a Perkins FCC draw. We compared the transfers from the Perkins Loan Fund, draw down of Perkins FCC as reported on the PMS-272, and ICC deposits to the monthly credits of loan awards to students accounts for three years, 1996, 1997, and 1998 and found that for two years (1996 and 1997) there was no consistency and an insufficient audit trail to support the transfers and draw downs of Perkins funds. Transfers and draws did not always match the amounts credited to student accounts and we were unable to conclude how the amount of the transfer was determined.

Regulations require that Perkins funds should be used for making loans and other activities such as transfer to either the Federal Work-Study or Federal Supplemental Educational Opportunity Grant programs and other administrative requirements as prescribed in the regulation (34 CFR 674.18(a) & (b)). Although CAU officials were able to support the total loan awards to students on an annual basis, under the cash management regulations (34 CFR 668, Subpart K), the institution must disburse funds no later than three business days following the date the institution received the funds. In addition, the regulations (34 CFR 674.8(a)) require that the institution shall deposit into the Fund all Perkins related assets, including FCC and ICC. The ICC is to be deposited into the Fund either prior to or at the same time it deposits any FCC per 34 CFR 674.19 (c). Also, under 34 CFR 668.24 (b)(2) an institution shall establish and maintain on a current basis--financial records that reflect each Higher Education Act (HEA), Title IV program transaction.

CAU officials said that they did not transfer funds or make draw downs until they had credited students accounts for a sufficient amount of awards, however they did not always maintain the supporting documentation for the transfers. At the time of our site visit, CAU officials presented us with policies and procedures which will address when Perkins Loan Funds are to be disbursed and transferred from the Fund.

RECOMMENDATIONS:

¹ Our review covered the financial records and student files up to March 1998 when our fieldwork began.

The Office of Student Financial Assistance should require Clark Atlanta University to:

1. Develop a system and implement policies and procedures necessary for transferring funds from the Perkins account and requesting Federal draw down of Perkins Funds.
2. Deposit all Perkins related funds directly into the Perkins Loan Fund as required in the regulations.
3. Maintain an audit trail and supporting documentation for all transactions relating to the Federal Perkins Loan Program.

CAU's Response:

We concur with the findings and recommendations. The University has carried out several corrective actions designed to remedy the weaknesses and implement the recommendations described in the finding. Beyond the recommendations contained in the report, we have taken steps to improve our cash forecasting procedures. The combination of written policies and procedures and our improved process for projecting available resources, has greatly enhanced the audit trail applicable to all Perkins Loan Fund activity.

FINDING NO. 2 STUDENT FILE MAINTENANCE AND PERKINS LOAN PROCEDURES SHOULD BE IMPROVED

Although the institution has shown progress in the maintenance of student files and Perkins Loan award documentation, there is still room for improvement. During our review we found some policies and procedures in place, however these procedures were not always adequately documented, formalized, and distributed to staff. For example, some of the existing policies and procedures are what the institution plans to do in the future and are still under the review of management. In other instances, the school is using U.S. Department of Education publications (guides, handbooks, and the federal regulations) as policy without identifying this in writing.

To participate in any of the Title IV, HEA, programs, an institution must demonstrate capability to adequately administer the program. To demonstrate administrative capability, the institution should have written policies and procedures indicating the responsibilities of various offices with respect to the approval, disbursement, and delivery of Title IV program assistance. A lack of formalized policies and procedures, and a frequent turnover in staff caused problems in the following areas:

Files Contained Inadequate Documentation

- # In one instance, a student financial aid file could not be located. Certain necessary records must be maintained in each student's file according to 34

CFR 668.14 (b) (4) and 34 CFR 668.24.

- # In three instances, the student loans were canceled, however the school did not maintain copies of the voided promissory note as required by 34 CFR 674.19 (4) (B) (iv). In eight instances, the student financial aid files selected for verification did not contain all documents to meet the requirements of 34 CFR 668.56 and 34 CFR 668.57. Income tax returns were unsigned, conflicting information existed between the income tax return and the Student Aid Report, and application changes were not resubmitted.

Over award

- # In five instances, money credited to student accounts exceeded the students' need. This is prohibited by 34 CFR 673.5 (a).

Student Eligibility

- # In four instances, students did not maintain satisfactory academic progress as required by 34 CFR 668.34 and defined by the school. Students received aid who either did not meet the minimum grade point average requirement or complete the minimum number of hours necessary. In addition, students received aid for more than the institution's ten semester limit.

Student Ledger Card Procedures

- # In five instances, reconciliations to close out student ledger cards were not performed at year end. This resulted in credit balances which were not resolved in a timely manner as required by 34 CFR 668.165.
- # In four instances, loan amounts advanced to students disagreed with the amount on the promissory note. Three student ledger cards were credited for less than the amount for which the promissory note was signed. Adequate internal controls over awarding student financial aid require that once a student has completed the approval process for receiving a Perkins loan, disbursement of the loan should be made unless the loan is canceled (34 CFR 674 Subpart D). One student ledger card was credited for more than the amount for which the promissory note was signed. This violates the basic promissory note requirements outlined in 34 CFR 674.16.
- # In one instance, the promissory note was voided but an adjustment was not made to the student ledger card to reflect this action. This violates basic internal control procedures.
- # In nine instances, loans were credited to student accounts prior to the execution of a promissory note. The institution attributed this to a posting error, and explained that the credit was backed off of the student account and reapplied

after the student signed the promissory note.

In our opinion, the lack of formalized policies and procedures and the frequent turnover of staff in offices responsible for administering the Federal Perkins Loan Program at Clark Atlanta University caused the problems with file maintenance and Perkins Loan procedures. If the institution chooses to use a Departmental policy as its own, this should be identified in writing. We believe that the development of written policies and procedures would improve the staff's understanding of their job responsibilities and the responsibilities of the various offices responsible for administering the Federal Perkins Loan Program. This may also help to improve communications between key departments (i.e., Student Financial Assistance, Grants & Contracts, Accounting, Student Loans & Collections). We further believe that due to the continuously changing nature of financial aid issues and the frequent staff turnover that has occurred at Clark Atlanta University, ongoing staff training would be beneficial to all employees.

RECOMMENDATIONS:

The Office of Student Financial Assistance should require Clark Atlanta University to:

1. Develop written policies and procedures relating to the maintenance of student files and Perkins Loan procedures that have been approved by the appropriate CAU management levels and distributed to all key personnel.
2. Provide ongoing staff training, education, and development to both new and veteran employees.
3. In the instances cited, review the student files (numbered student name listing with cited deficiencies was previously supplied) and make any needed corrections or adjustments. Documentation supporting corrections or changes should be provided.

CAU's Response:

The University concurred with the findings and recommendations. The University has developed and implemented policies and procedures to govern file maintenance and retention. The policies have been approved by management and distributed to all appropriate personnel. The University also provided explanations and corrective action taken for each of the exceptions noted for our file review.



BACKGROUND

Clark Atlanta University is a private, comprehensive, urban, coeducational institution of higher education. It was formed as a consolidation of two private historically black institutions ---- Atlanta University and Clark College---- in 1988. The University offers undergraduate, graduate, and professional degrees as well as non-degree programs.

Clark Atlanta's student body is made up of approximately 5,000 students of diverse racial, ethnic, and socioeconomic backgrounds. The University offers various types of financial assistance through scholarships, grants, low interest loans, and campus work opportunities. The Financial Aid Program at Clark Atlanta provides assistance to all admitted students who demonstrate eligibility, based on standardized guidelines. Between 1994 and 1998, approximately 2500 students were awarded Perkins Loans.

Perkins Loans are low-interest (5 percent), long-term loans made to needy undergraduate and graduate students to help pay for postsecondary educational costs. These loans are made through institutional financial aid offices by participating schools. No interest accrues on a loan while a student is enrolled in an eligible program at least half time. Clark Atlanta has received Federal Perkins Loan Program funding since the 1990-1991 school year. For the current year (FY 1998), the U.S. Department of Education awarded Clark Atlanta University approximately \$251,000 to apply to its Federal Perkins Loan Program revolving fund.

AUDIT SCOPE AND METHODOLOGY

We performed a limited review of the Federal Perkins Loan Program at Clark Atlanta University. The objective of our review was to determine whether CAU was administering the Perkins Loan revolving fund in accordance with applicable Federal laws and regulations. Our review focused specifically on determining whether Clark Atlanta University: maintained the Federal Perkins Loan revolving fund in accordance with applicable program requirements; accounted for and expended Perkins Loan funds in accordance with applicable program requirements; confirmed student's eligibility prior to awarding Perkins funds; and disbursed loans in accordance with applicable

program requirements. The financial aspects of the Perkins Loan revolving fund were reviewed for 5 years (1994 - 1998) and a file review covering 3 years (1996 - 1998) was performed. Our review of 1998 covered the financial records and student files up to March 1998 when our fieldwork began.

To accomplish our audit objectives, we performed the following:

- ! Reviewed applicable Federal regulations;
- ! Reviewed Clark Atlanta University's bank records and other financial records pertaining to the Federal Perkins Loan Program;
- ! Analyzed the most recent program review conducted by the U.S. Department of Education, Office Student Financial Assistance staff, for the 1994-1995, 1995-1996, and 1996-1997 award years;
- ! Analyzed CAU's OMB Circular A-133 Independent Auditor's Reports on the Schedule of Federal Awards and Other Financial Assistance for the years ended June 30, 1991, 1992, 1995, and 1996, and the Financial Statements and Government Auditing Standards Reports for the Year Ended June 30, 1995;
- ! Interviewed school officials responsible for administering the Federal Perkins Loan Program.

A judgmental sample of student files was selected for our review. The sample included a total of thirty-one student files (ten student files for the 1995-1996 award year, eleven student files for the 1996-1997 award year, and ten student files for the 1997-1998 award year).

To achieve our audit objectives we relied on computer-generated data contained in Clark Atlanta University's Student Information System and the Perkins Fund accounting records. Although we did not assess general and application controls at CAU, we relied on the testing performed by the CPA during the annual financial audit. Because the annual audit noted problems with the Federal Perkins Loan Program at CAU, we verified computer-generated student loan information back to individual student files.

Our field work was performed from March 30, 1998 through May 1, 1998, at Clark Atlanta University's campus, in Atlanta, Georgia. A preliminary informal exit conference took place on May 14, 1998.

Our audit was performed in accordance with the government auditing standards appropriate to the scope of the review described above.

STATEMENT ON MANAGEMENT CONTROLS

We did not review the management control structure of Clark Atlanta University. We

relied on the management control review performed by their independent public accountant as a part of the school's OMB Circular A-133 Independent Auditor's Report on the Schedule of Federal Awards and Other Financial Assistance for the year ending June 30, 1996.

ADMINISTRATIVE MATTERS

In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for the resolution of the findings and recommendations in this report.

In addition, as required by the Freedom of Information Act (Public Law 90-23), reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

If you have any questions, please call me at (404) 562-6462. Please refer to the above audit control number in all correspondence relating to this report.

Attachment

CLARK ATLANTA UNIVERSITY

Office of Finance and Administration

November 23, 1998

Ms. Carol S. Lynch
Regional Inspector General for Audit
US Department of Education
Office of the Inspector General
61 Forsyth Street, Room 18T71
Atlanta, Georgia 30303

Re: ACN: **04-80006**

Dear Ms. Lynch:

We have reviewed the Review of the Federal Perkins Loan Program at Clark Atlanta University draft report. We include our written comments on the findings and recommendations herein.

**FINDING NO.1 IMPROVEMENTS ARE NEEDED IN THE OVERALL
MANAGEMENT OF THE PERKINS LOAN FUND BY CLARK
ATLANTA UNIVERSITY**

We concur with the findings and recommendations.

The University has carried out several corrective actions designed to remedy the weaknesses and implement the recommendations described in the finding. Specifically, we have developed a system and designed policies and procedures to govern advancing funds to students, transferring funds to the University, making payment of credit balances to students, depositing all capital contributions into the Perkins Loan Fund Investment Account, and doing more timely reconciliations. We have attached a copy of our current policies and procedures.

Beyond the recommendations contained in the draft report, we have taken steps to improve our cash forecasting procedures. Our new procedures require that we manage all of the campus-based programs in concert to maximize the use of these funds. We include copies of our current year's cash forecast for our campus-based programs with this response.

The combination of written policies and procedures and our improved process for projecting available resources, has greatly enhanced the audit trail applicable to all Perkins Loan Fund activity. These improvements ensure that we adequately document transactions and manage the loan fund according to current regulations.

**FINDING NO.2 STUDENT FILE MAINTENANCE AND PERKINS LOAN
PROCEDURES SHOULD BE IMPROVED**

1. *Files Contained Inadequate Documentation*

- # In one instance, a student financial aid file could not be located.

We concur with this finding and the related recommendation.

The University has developed and implemented policies and procedures to govern file maintenance and retention. Additional personnel and other resources have been devoted to improving our compliance in this area. The policies have been approved by management and distributed to all appropriate personnel. *(See copy of a policy statement attached.)*

- # *In three instances, the student loans were canceled', however, the school did' not maintain copies of the voided promissory note as required by 34 CFR 674. 19(4) (B) (iv).*

We concur with this finding and the related recommendation.

The University has developed and implemented policies and procedures to govern file maintenance and *retention*. The policies have been approved by management and distributed to all appropriate personnel. *(See copy of a policy statement attached.)*

- # *In eight instances, the student financial aid files selected for verification did not contain all documents to meet the requirements of 34 CFR 668.56 and 34 CFR 668.57.*

We concur with this finding and the related recommendation.

The University has adopted a verification policy that meets the requirements of the stated regulations. The policies have been approved by management and distributed to all appropriate personnel. *(See copy of a policy statement attached.)*

2. *Over award*

- # *In five instances, money credited to student accounts exceeded the students' need.*

We concur with this finding and recommendations.

3. ***Student Eligibility***

- # *In four instances, students did not maintain satisfactory academic progress as required by 34 CFR 668.34 and defined by the school. In addition, students received aid for more than the institution's ten semester limit.*

We concur with the finding and recommendations.

The University has strengthened its procedures to insure that satisfactory academic progress standards are followed. Students must formally appeal academic probation before any future financial aid can be awarded.

Our procedures have been modified to prohibit any student from receiving aid for more than ten semesters.

4. ***Student Ledger Card Procedures***

- # *In five instances, reconciliations to close out student ledger cards were not performed at year end.*

We concur with this finding and recommendations.

For each year under examination, we reconciled loans awarded to students with loans added to the Perkins Loan Fund's ***loan journal***. However, the reconciliations were done after year end. We have subsequently revised our procedures to insure that reconciliation are done more frequently. Copies of all applicable reconciliations were provided to the Office of the Inspector General auditors during their field work.

- # *In four instances, loan amounts advanced to students disagreed with the amount on the promissory note. Three student ledger card's were credited for less than the amount for which the promissory note was signed. One student ledger card was credited for more than the amount for which the promissory note was signed.*

We concur with the finding and recommendations. However, we provide additional information to support corrective actions taken.

Student #7

The loan was initially posted to the student's account on October 20, 1995, in error. The finding states that the promissory note lists two advances; however, the ledger card lists only one advance. The first advance was removed then reapplied on February 16, 1996, after the promissory note was executed. The second disbursement was posted to the account May 7, 1996. Please see copy of the student's ledger and promissory note which are attached.

Student #23

The promissory note lists two disbursements. Initially the student was awarded \$500, then received an award increase of \$2,109. We credited \$500 for the 1st disbursement on October 24, 1997. An advance in the amount of \$500 was credited to the student's account in error on January 23, 1998, and subsequently corrected on January 26, 1998. An advance of \$2,609 was credited to the student's ledger card on April 17, 1998. The original \$500 advance was removed from the student's account on May 13, 1998. Please see copy of the student's ledger and promissory note which are attached.

Student #30

The student signed a promissory note for \$3,000 applicable to both the 1996/97 academic year (i.e., \$2,000) and the 1997/98 academic year (i.e., \$1,000). The 1996/97 award was credited to the student's account on September 26, 1996 and January 24, 1997 in equal amounts of \$1,000. Please see copy of the student's ledger card attached. The 1997/98 awards were posted to the student's account on October 8, 1997, and January 23, 1998. For the 1997/98 academic year, \$500 was credited to the student's account in error on February 2, 1998, and subsequently corrected on April 9, 1998.

A student is required to sign the promissory note only once per academic year, except for revisions. This applies to the total amount awarded for the academic year. Separate documents are used to track amounts actually credited to a student's account.

Student #4

The student was awarded \$1,354 for the 1995/96 academic term. The awards were to be applied \$700 for Fall 1995 and \$654 for Spring 1996. The Fall 1995 advance was posted as \$750 on November 29, 1995 and subsequently corrected on February 1, 1996. The Spring 1996 award was posted to the student's account on February 1, 1996, without error.

In one instance, the promissory note was voided but an adjustment was not made to the student ledger card to reflect this action.

Student #16

The required adjustments were made to the student's account on June 30, 1997. Please see copy of the student's ledger card attached.

In nine instances~ loans were credited to student accounts prior to the execution of the promissory note.

We concur with this finding. Our initial explanation remains unchanged. Documentation to support the reversal of the loans and their subsequent crediting to students' accounts was provided to the auditors during their field work.

We appreciate the work done by you and your staff in assisting us to improve the overall management of our Federal Perkins Loan Program. You are requested to incorporate our responses in the final audit report.

Very truly yours,

(Signed)

Charles C. Teamer, Sr

Vice President for Finance and Administration & CFO

cc: Patrick Howard
Director, Advisory & Assistance for Student
Financial Assistance Programs
OIG, Washington, D.C.

Attachments

Clark Atlanta University

Perkins Loan Fund Authorization and Disbursement Policies and Procedures

AUTHORIZATION OF AWARDS AND DISBURSEMENTS

Policy:

The University will credit the proceeds of a Perkins Loan Fund award to the individual student's account after determining his or her eligibility and complying with due diligence requirements.

The ***Office of Student Financial Aid*** will determine that a student is eligible to receive a Perkins Fund Loan advance (i.e., the loan) and calculate the amount of the award.

The Department of Student Loans and Collections will ensure that the student has complied with due diligence requirements and will authorize the loan proceeds to be disbursed to the student.

Advances to Students:

Funds will be advanced to the student by crediting the student's account through the University's ***Student Information System (515.)***

The ***Department of Student Financial Services*** will credit the Perkins' loan proceeds to the student's account through the ***575***. Authorization to credit loan proceeds is received from the ***Department of Student Loans and Collections***. A report (the ***Accounts Receivable Code Analysis***) is produced monthly that identifies the sum of Perkins Loan Fund advances credited to students' accounts.

Transfers to Institution:

The ***Office of Grants and Contracts*** will review the ***Accounts Receivable Code Analysis*** and prepare a request to have the sum of the advances to students transferred from the Perkins Loan Fund investment account to the University's operating account. This request is forwarded to the ***Office of the Comptroller***.

The ***Office of the Comptroller*** will transfer the sum of each month's advances to students from the Perkins Loan Fund investment account when delivered a signed request from the ***Office of Grants and Contracts***.

Payments to Students:

All financial aid received by the University as agent is credited to the individual student's account. We will pay amounts credited greater than allowable University charges direct to an authorized recipient (i.e., student or parent). We will authorize and prepare such payments, if any, through the ***Office of the Comptroller***. Payments made to an authorized recipient will be debited to the individual student's account.

Clark Atlanta University
Perkins Loan Fund Authorization and Disbursement Policies and Procedures

FEDERAL AND INSTITUTIONAL CAPITAL CONTRIBUTIONS:

Policy:

We will deposit all capital contributions for the Perkins Loan Program into the Perkins Loan Fund investment account on or before June 30 of the award year.

Federal Capital Contribution (FCC):

The amount of the FCC is determined by the annual award provided by the US Department of Education (the Department) for each academic year. The amount of the FCC to be requested will be determined by the ***Office of Grants and Contracts***. This determination will be based on the total of advances made to students, administrative cost allowances, allowable transfers to other campus based programs (i.e., *Federal Work Study*. and *Federal SEOG*) and funds available in the Perkins Loan Fund investment account.

FCC received from the Department will be transferred from the federal cash account to the Perkins Loan Fund investment account. This amount may be adjusted only for the amount of FCC to be transferred to other campus based programs. A request to transfer the FCC will be prepared by the ***Office of Grants and Contracts*** and submitted to the ***Office of the Comptroller***. The Comptroller will ensure that the request to transfer FCC to the Perkins Loan Fund investment account is processed promptly. Confirmation of the transfer will be provided by the Comptroller to the ***Office of Grants and Contracts***.

Institutional Capital Contribution (ICC):

The amount of ICC required to match the FCC will be calculated by the ***Office of Grants and Contracts***. This calculation will be based on current regulations following procedures outlined in the *Blue Book (Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs.)* A request to transfer the ICC will be prepared by the ***Office of Grants and Contracts*** and submitted to the ***Office of the Comptroller***. The Comptroller will ensure that the request to transfer ICC to the Perkins Loan Fund investment account is processed promptly. Confirmation of the transfer will be provided by the Comptroller to the ***Office of Grants and Contracts***.

Clark Atlanta University
Federal Perkins Loan Student File Maintenance Policies and Procedures

DOCUMENTATION

Policy:

The University currently retains all relevant student records for a minimum of three years.

To Be Implemented

The *Debt Management Office* will maintain copies of all voided promissory notes for a three year period.

Practice:

ADVANCES TO STUDENTS I STUDENT LEDGER CARD PROCEDURES

The *Debt Management Office* will provide the *Cashier's Office* with a weekly roster of students who have met all due diligence requirements for award disbursement purposes.

Individual award adjustments will be documented with a loan adjustment form. A copy will be maintained in the borrower's Perkins file, and the original will be given to the *Cashier's Office* to make the adjustment on the student's account.

To Be Implemented

The *Debt Management Office* will provide the *Cashier's Office* with the above practice in writing, and maintain a copy in the Debt Management Policies and Procedures Manual. Timely reconciliation and adjustments of student ledger cards to the file will be performed.

The *Debt Management Office* will schedule training workshops to provide insight and instruction to staff members outside as well as within the Financial Aid Office who impact the Perkins Loan program.

Clark Atlanta University

Office of Student Financial Aid Verification Policy

The University's verification policy will conform to guidance provided in the applicable federal regulations. Should the University's policy conflict with that of the federal regulations, the federal regulations will be followed.

POLICY:

Generally an institution is required to verify all student applications selected for verification. However, the US Department of Education (ED) does not require a school to verify more than 30 percent of its total number of applicants for federal student assistance. If the total number of applicants selected for verification is less than 30 percent of total number of applicants for federal student assistance, the University will verify 100 percent of selected applications.

The University will verify applications equal to 30 percent of the total enrolled applicants that received federal student assistance. Once this level of verifications has been completed, no additional applicants need be verified. Applications selected by the University and applications with conflicting information do not count toward the 30 percent level.

Once the 30 percent level has been reached, all subsequent student files selected for verification will be appropriately labeled that the file is exempt from verification. All conflicting information will be resolved regardless of the 30 percent level.

TRACKING:

The University will track the information required to implement this policy using the EDEExpress software system. Each student receiving federal student assistance will be identified within the EDEExpress tracking system. As students' information is entered into the EDEExpress system, we will identify whether he or she has been selected for verification. As students are verified, that information will be entered into the EDEExpress tracking system. Once the total number of students verified is equal to 30 percent of the total applicants for federal student assistance, no additional students will be verified. The tracking system will be reviewed during each academic term to ensure continued compliance and to confirm that the 30 percent level has been maintained.

--- NOTICE ---

OTHER ATTACHMENTS NOT SCANNED DUE TO TYPE OF DOCUMENT AND THE
FORMAT. PLEASE REFER TO HARD COPY REPORT FOR FULL TEXT OF CLARK
ATLANTA UNIVERSITY COMMENTS.